

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name City of Ferrysburg	County Ottawa
Fiscal Year End 06/30/2006	Opinion Date 09/14/2006	Date Audit Report Submitted to State December 31, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

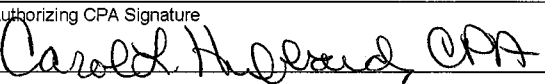
SE
Z

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	No comments or recommendations	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Beene Garter LLP		Telephone Number (616) 235-2500	
Street Address 50 Monroe Ave NW, Suite 600		City Grand Rapids	State MI
		Zip 49503	
Authorizing CPA Signature 		Printed Name Carol L. Hubbard, CPA	
		License Number 1101015341	

THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN

FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

Year Ended June 30, 2006

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS	1
MANAGEMENT DISCUSSION AND ANALYSIS	2
GOVERNMENT-WIDE FINANCIAL STATEMENTS	8
STATEMENT OF NET ASSETS	9
STATEMENT OF ACTIVITIES	10
GOVERNMENTAL FUNDS	11
GOVERNMENTAL FUNDS BALANCE SHEET	12
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO STATEMENT OF NET ASSETS	13
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	14
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	15
PROPRIETARY FUNDS	16
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS	17
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS	18
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	19
FIDUCIARY FUNDS	21
STATEMENT OF NET ASSETS - FIDUCIARY FUNDS	22
STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUNDS	23
NOTES TO COMBINED FINANCIAL STATEMENTS	24
REQUIRED SUPPLEMENTAL INFORMATION	47
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND	48
BUDGETARY COMPARISON SCHEDULE - MAJOR STREET FUND	49
BUDGETARY COMPARISON SCHEDULE - LOCAL STREET FUND	50
BUDGETARY COMPARISON SCHEDULE - PUBLIC IMPROVEMENT FUND	51
BUDGETARY COMPARISON SCHEDULE - VEHICLE REPLACEMENT FUND	52
BUDGETARY COMPARISON SCHEDULE - BUILDING DEPARTMENT FUND	53

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Honorable Mayor, Members of Council
and the City Manager
The City of Ferrysburg
Ferrysburg, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of The City of Ferrysburg, Michigan as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of The City of Ferrysburg, Michigan as of June 30, 2006 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information on pages 2 through 7 and 47 through 53, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



September 14, 2006
Grand Rapids, Michigan

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Ferrysburg's financial performance provides readers an overview of the City's financial activities for the fiscal year ended June 30, 2006. We encourage readers to read this information in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- During the year, the City had revenues in Governmental Activities that were \$595,316 more than the \$2.026 million in expenses.
- The City's business-type activities had revenues of \$471,806 while expenses were \$687,763.
- The cost of all City programs was \$2.714 million.
- The General fund reported an increase this year of approximately \$200,000.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three (3) components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide corporate-like statements and provide readers with a broad overview of the City's finances.

The Statement of Net Assets and the Statement of Activities report information about the City as a whole. These two statements help answer the question "Is the City as a whole better off or worse off as a result of the year's activities?" These two statements report the City's net assets and changes in them.

Governmental activities and Business-type activities are reported in these two statements. Governmental activities reflect the City's basic services, including police, fire, public works, and recreation. Property taxes and State Revenues finance the majority of these services. Business-type activities reflect private-type operations. The City's water and sanitary sewer systems are reported here.

The Government-wide financial statements can be found on pages 8-10 of this report.

Business-type Activities

The City has two business-type activities: the water and sanitary sewer system. Revenues in the City's Water and Sewer funds were \$619,325 and expenses were \$835,282 including transfers of \$148,000.

City of Ferrysburg's Net Assets

Summary of Net Assets as of June 30, 2006 and 2005:

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current assets	\$ 3,033,469	\$ 2,497,139	\$ 712,452	\$ 954,096	\$ 3,745,921	\$ 3,451,235
Capital assets	<u>3,537,974</u>	<u>2,496,384</u>	<u>5,137,216</u>	<u>5,350,900</u>	<u>8,675,190</u>	<u>7,847,284</u>
Total Assets	<u>\$ 6,571,443</u>	<u>\$ 4,993,523</u>	<u>\$ 5,849,668</u>	<u>\$ 6,304,996</u>	<u>\$ 12,421,111</u>	<u>\$ 11,298,519</u>
Current liabilities	\$ 204,552	\$ 221,946	\$ 261,828	\$ 107,156	\$ 266,380	\$ 329,102
Long-term debt outstanding	<u>1,000,000</u>	<u>--</u>	<u>1,229,400</u>	<u>1,423,442</u>	<u>2,229,400</u>	<u>1,423,442</u>
Total Liabilities	<u>\$ 1,204,552</u>	<u>\$ 221,946</u>	<u>\$ 1,291,228</u>	<u>\$ 1,530,598</u>	<u>\$ 2,495,780</u>	<u>\$ 1,752,544</u>
Net Assets:						
Invested in capital assets, net of debt	\$ 2,537,974	\$ 2,496,384	\$ 3,907,816	\$ 3,927,458	\$ 6,445,790	\$ 6,423,842
Restricted	15,000	4,425	158,324	154,123	173,324	158,548
Unrestricted	<u>2,813,917</u>	<u>2,270,768</u>	<u>492,300</u>	<u>692,817</u>	<u>3,306,217</u>	<u>2,963,585</u>
Total net assets	<u>\$ 5,366,891</u>	<u>\$ 4,771,577</u>	<u>\$ 4,558,440</u>	<u>\$ 4,774,398</u>	<u>\$ 9,925,331</u>	<u>\$ 9,545,975</u>

A portion of the City's governmental activities' net assets of \$15,000 (0.28%) represents resources that are subject to external restriction on how they may be used. The City may use the balance of unrestricted net assets of \$2,813,917 (52.4%) to meet its ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three (3) categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Summary of changes in Net Assets for the year ended June 30, 2006 and 2005:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues						
Program revenues						
Charges for services	\$ 492,469	\$ 481,367	\$ 476,109	\$ 481,707	\$ 969,059	\$ 963,074
Federal grants	--	20,722	--	--	--	20,722
State grant and entitlements	233,478	401,016	--	--	233,478	401,016
General revenues						
Property taxes	1,326,009	1,157,688	113,611	217,928	1,439,620	1,375,616
State revenue	261,712	264,701	--	--	261,712	264,701
Investment earnings	139,141	62,965	29,605	18,962	168,746	81,927
Other revenue	20,726	41,074	--	--	20,726	41,074
Total Revenues	2,473,535	2,429,533	619,806	718,597	3,093,341	3,148,130
Expenses						
General government	560,919	553,754	--	--	560,919	553,754
Public safety	536,523	548,276	--	--	536,523	548,276
Public works	629,341	738,372	--	--	629,341	738,372
Parks and recreation	149,683	133,152	--	--	149,683	133,152
Other	149,753	107,607	--	--	149,753	107,607
Interest on long-term debt	--	--	73,623	69,064	73,623	69,064
Water & sewer	--	--	613,659	618,523	614,140	618,523
Total Expenses	2,026,219	2,081,161	687,763	687,587	2,713,982	2,768,748
Excess before transfers	447,316	348,372	(67,957)	31,010	379,359	379,382
Transfers	148,000	148,000	(148,000)	(148,000)	--	--
Changes in Net Assets	\$ 595,316	\$ 496,372	\$ (215,957)	\$ (116,990)	\$ 379,359	\$ 379,382

The increase in the City's net assets was due to:

- The City is being allowed by State law to increase its property tax by 2.3% (the rate of inflation). The City's assessed value of property increased by 6.92%, however, because of property tax limitation laws, tax revenue was limited.
- State shared revenue decreased by 1.14%. The State of Michigan collects sales tax and redistributes a portion of these collections to local jurisdictions. The State's financial condition and its ability to finance any temporary cash flow deficiencies affect the amount distributed.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The Fund Financial Statement allows the demonstration of sources and uses and the associated budgeting compliance. The funds of the City are divided into three (3) categories: governmental funds, proprietary funds, and fiduciary funds.

The City's Funds

For the fiscal year ending June 30, 2006, the governmental funds reported a combined fund balance of \$2.830 million.

Each year the State provides the City with a portion of the gasoline tax revenues it collects. This money can only be used to replace, maintain, or improve the City's roads. During the fiscal year, the City used \$127,319 to improve local streets.

General Fund Budgeting Highlights

City departments overall stayed below budget with the exception of capital outlays. Capital outlays exceeded the budget by \$806,486 due to the \$950,000 purchase of the former Ferrysburg Elementary School, which was purchased with a \$1,000,000 bond anticipation note. Without capital outlays, the other city departments stayed below budget by \$169,669.

Capital Asset and Debt Administration

Capital Assets

During the fiscal year ending June 30, 2006, the City invested in a broad range of capital assets. This year's major additions included:

The former Ferrysburg Elementary School	\$ 950,000
Backhoe	38,374
450 foot extension to the water main on 168 th Avenue	25,627
Cathodic protection at four (4) lift stations	33,000

Debt

The City received a \$1,000,000 bond anticipation note to purchase the former Ferrysburg Elementary School. The City has also reserved another \$1,000,000 bond anticipation note to either renovate the building or to construct a new city hall on that site. The bond anticipation note will need to roll over to a bond by June 30, 2008. The balance owing on the city water system and sanitary sewer system at year end was \$1,229,400.

Economic Factors and Next Year's Budget and Rates

The West Michigan area, especially the Northwest Ottawa region economic outlook compare favorably to the economic outlook on the nation as a whole. The unemployment rate for Ottawa County at June 30, 2006 was 5 percent, which is comparable to the state's average unemployment rate of 6.5 percent.

Financial Contact

The City's financial statements are designed to present a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about this report or need additional financial information, contact Ferrysburg City Hall, P.O. Box 38, Ferrysburg, MI 49409-0038.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

STATEMENT OF NET ASSETS

June 30, 2006

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 2,758,247	\$ 263,370	\$ 3,021,617
Receivables, net	159,652	156,291	315,943
Prepaid expenses	29,638	-	29,638
Restricted assets			
Cash	85,932	289,713	375,645
Special assessment receivable	-	3,078	3,078
Capital assets, net of depreciation	3,537,974	5,137,216	8,675,190
TOTAL ASSETS	\$ 6,571,443	\$ 5,849,668	\$ 12,421,111
LIABILITIES			
Accounts payable - trade	\$ 198,301	\$ 29,533	\$ 227,834
Salaries payable	2,785	-	2,785
Accrued liabilities	3,466	32,295	35,761
Noncurrent liabilities			
Bonds payable, due within one year	-	234,199	234,199
Bonds payable, due in more than one year	1,000,000	995,201	1,995,201
TOTAL LIABILITIES	1,204,552	1,291,228	2,495,780
NET ASSETS			
Investment in capital assets, net of related debt	2,537,974	3,907,816	6,445,790
Restricted for:			
Debt service	-	158,324	158,324
Other purposes	15,000	-	15,000
Unrestricted	2,813,917	492,300	3,306,217
TOTAL NET ASSETS	5,366,891	4,558,440	9,925,331
TOTAL LIABILITIES AND NET ASSETS	\$ 6,571,443	\$ 5,849,668	\$ 12,421,111

See accompanying notes

THE CITY OF FERRYSBURG OTTAWA COUNTY, MICHIGAN

STATEMENT OF ACTIVITIES

Year Ended June 30, 2006

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Primary government						
Governmental activities						
General government	\$ 560,919	\$ 48,487	\$ -	\$ -	\$ (512,432)	\$ -
Public safety	536,523	21,575			(514,948)	
Public works	629,341	418,941	233,478		23,078	
Parks and recreation	149,683				(149,683)	
Other	149,753	3,466			(146,287)	
Total governmental activities	2,026,219	492,469	233,478	-	(1,300,272)	-
Business-type Activities						
Water and sewer	687,763	476,590				(211,173)
TOTAL PRIMARY GOVERNMENT	\$ 2,713,982	\$ 969,059	\$ 233,478	\$ -	(1,300,272)	(211,173)
General revenues						
Taxes						
Property taxes, levied for general purposes					1,326,009	1,326,009
Property taxes, levied for debt service						113,611
State-shared revenues					261,712	261,712
Interest and investment earnings					139,141	168,746
Other					20,726	20,726
Transfers					148,000	(148,000)
TOTAL GENERAL REVENUES		1,895,588			1,895,588	(4,784)
CHANGE IN NET ASSETS		595,316			595,316	(215,957)
Net Assets at Beginning of Year					4,771,575	4,774,397
NET ASSETS AT END OF YEAR					\$ 5,366,891	\$ 4,558,440
					\$ -	\$ 9,925,331

See accompanying notes

GOVERNMENTAL FUNDS

	<u>General Fund</u>	<u>Major Street Fund</u>
ASSETS		
Cash	\$ 915,511	\$ 352,170
Receivables		
Taxes	12,613	
Citizens		5,026
Special assessments		3,466
Interest	4,046	1,831
Due from other governmental units	86,213	29,638
Prepaid expenditures	23,473	
Restricted cash	53,113	
TOTAL ASSETS	<u>\$ 1,094,969</u>	<u>\$ 392,131</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable - trade	\$ 41,446	\$ 23,813
Salaries payable	2,785	
Deferred revenue		3,466
TOTAL LIABILITIES	44,231	27,279
FUND BALANCE		
Reserved for		
Prepaid expenses	23,473	
Harbor Transit	15,000	
Unreserved	1,012,265	364,852
TOTAL FUND BALANCE	<u>1,050,738</u>	<u>364,852</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,094,969</u>	<u>\$ 392,131</u>

**CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

GOVERNMENTAL FUNDS BALANCE SHEET

June 30, 2006

Local Street Fund	Public Improvement Fund	Vehicle Replacement Fund	Building Department Fund	Total Governmental Funds
\$ 320,623	\$ 314,316	\$ 746,254	\$ 94,442	\$ 2,743,316
				12,613
			450	5,476
				3,466
723	2,428	3,755	548	13,331
8,913				124,764
				23,473
	32,819			85,932
<u>\$ 330,259</u>	<u>\$ 349,563</u>	<u>\$ 750,009</u>	<u>\$ 95,440</u>	<u>\$ 3,012,371</u>
\$ 108,696	\$ -	\$ -	\$ 2,160	\$ 176,115
				2,785
				3,466
<u>108,696</u>	<u>-</u>	<u>-</u>	<u>2,160</u>	<u>182,366</u>
				23,473
				15,000
221,563	349,563	750,009	93,280	2,791,532
<u>221,563</u>	<u>349,563</u>	<u>750,009</u>	<u>93,280</u>	<u>2,830,005</u>
<u>\$ 330,259</u>	<u>\$ 349,563</u>	<u>\$ 750,009</u>	<u>\$ 95,440</u>	<u>\$ 3,012,371</u>

See accompanying notes

**CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO
STATEMENT OF NET ASSETS**

June 30, 2006

Total Fund Balance - Governmental Funds **\$ 2,830,005**

Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities
are not financial resources and therefore are
not reported in the governmental funds.

Cost of capital assets	\$ 5,131,115	
Accumulated depreciation	<u>(1,593,141)</u>	3,537,974

Long-term liabilities that are not due and payable
in the current period and therefore are not reported
as liabilities in the funds.

Bonds payable	(1,000,000)
---------------	-------------

Internal service funds are used by management to
charge the costs of certain activities to individual
funds. The assets and liabilities of internal service
funds are included in governmental activities in
the statement of net assets.

(1,088)

Total Net Assets - Governmental Activities **\$ 5,366,891**

See accompanying notes

	General Fund	Major Street Fund
Revenues		
Taxes	\$ 810,296	\$ -
Special assessments		3,466
Licenses and permits		
State grants	261,712	179,498
Charges for services	48,487	
Fines and forfeits	21,575	
Interest	59,902	15,935
Other revenue	16,479	
TOTAL REVENUES	1,218,451	198,899
Expenditures		
Current		
General government	461,328	
Public safety	513,372	
Public works	109,387	155,170
Parks and recreation	149,683	
Capital outlay	966,486	
Other	42,001	
TOTAL EXPENDITURES	2,242,257	155,170
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(1,023,806)	43,729
Other Financing Sources (Uses)		
Transfers in	223,900	
Transfers out		(41,100)
Bond proceeds	1,000,000	
NET CHANGE IN FUND BALANCES	200,094	2,629
Fund Balance at Beginning of Year	850,644	362,223
FUND BALANCE AT END OF YEAR	\$ 1,050,738	\$ 364,852

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

Year Ended June 30, 2006

Local Street Fund	Public Improvement Fund	Vehicle Replacement Fund	Building Department Fund	Total Governmental Funds
\$ -	\$ 361,856	\$ 153,857	\$ -	\$ 1,326,009
				3,466
			61,545	61,545
53,980				495,190
				48,487
				21,575
6,455	19,969	32,538	4,338	139,137
				16,479
60,435	381,825	186,395	65,883	2,111,888
				461,328
				513,372
170,333				434,890
				149,683
				966,486
		77,000	28,446	147,447
170,333	-	77,000	28,446	2,673,206
(109,898)	381,825	109,395	37,437	(561,318)
				383,900
160,000				(235,900)
(3,700)	(160,000)	(11,100)	(20,000)	1,000,000
46,402	221,825	98,295	17,437	586,682
175,161	127,738	651,714	75,843	2,243,323
\$ 221,563	\$ 349,563	\$ 750,009	\$ 93,280	\$ 2,830,005

See accompanying notes

**CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2006

Net Change in Fund Balances - Total Governmental Funds **\$ 586,682**

Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital outlays as
expenditures; in the statement of activities, these
costs are allocated over their estimated useful
lives as depreciation and amortization.

Depreciation and amortization expense	\$ (122,743)	
Expenditures for capital assets	<u>1,152,120</u>	1,029,377

Bond proceeds are not reported as financing sources on the statement of activities	(1,000,000)
---	-------------

Internal service funds are used by management to charge
the costs of certain activities to individual funds.

The net revenue (expense) of the internal service funds is reported with governmental activities.	<u>(20,743)</u>
--	-----------------

Change in Net Assets of Governmental Activities **\$ 595,316**

See accompanying notes

PROPRIETARY FUNDS

	Sewer Fund	Water Fund	Total Enterprise Funds	Internal Service Fund
ASSETS				
Current assets				
Cash	\$ 222,749	\$ 40,621	\$ 263,370	\$ 14,931
Receivables				
Accounts	36,859	87,313	124,172	
Interest receivable	1,398	1,502	2,900	2
Connection fees receivable		11,157	11,157	
Special assessments - deferred	9,031	9,031	18,062	
Prepaid expenses			-	6,165
Restricted assets				
Cash	29,356	260,357	289,713	
Special assessment receivable - current	1,539	1,539	3,078	
Total Current Assets	300,932	411,520	712,452	21,098
Noncurrent assets				
Capital assets, net of accumulated depreciation	3,182,963	1,954,253	5,137,216	107,734
TOTAL ASSETS	\$ 3,483,895	\$ 2,365,773	\$ 5,849,668	\$ 128,832

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

June 30, 2006

	Sewer Fund	Water Fund	Total Enterprise Funds	Internal Service Fund
LIABILITIES AND NET ASSETS				
Liabilities				
Current liabilities				
Accounts payable	\$ 4,340	\$ 25,193	\$ 29,533	\$ 22,186
Current portion of bonds payable	25,000	209,199	234,199	
Total Current Liabilities	29,340	234,392	263,732	22,186
Noncurrent liabilities				
Deferred revenue	10,569	10,569	21,138	
Deferred connection fee revenue		11,157	11,157	
Bonds payable, net of deferral on advanced refunding	78,361	916,840	995,201	
Total Noncurrent Liabilities	88,930	938,566	1,027,496	-
TOTAL LIABILITIES	118,270	1,172,958	1,291,228	22,186
Net Assets				
Invested in capital assets, net of related debt	3,079,602	828,214	3,907,816	107,734
Restricted for				
Prepaid expenses				6,165
Debt service	4,356	153,968	158,324	
Unrestricted	281,667	210,633	492,300	(7,253)
TOTAL NET ASSETS	3,365,625	1,192,815	4,558,440	106,646
TOTAL LIABILITIES AND NET ASSETS	\$ 3,483,895	\$ 2,365,773	\$ 5,849,668	\$ 128,832

See accompanying notes

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS

Year Ended June 30, 2006

	Sewer Fund	Water Fund	Total Enterprise Funds	Internal Service Fund
Operating Revenues				
Charges for services	\$ 179,077	\$ 236,094	\$ 415,171	\$ 357,396
Penalties and interest charges	3,169	6,134	9,303	
Connection fees	30,500	16,395	46,895	
TOTAL OPERATING REVENUES	212,746	258,623	471,369	357,396
Operating expenses				
Cost of sales and services	103,580	217,737	321,317	346,080
Depreciation	186,513	105,829	292,342	36,310
TOTAL OPERATING EXPENSES	290,093	323,566	613,659	382,390
OPERATING LOSS	(77,347)	(64,943)	(142,290)	(24,994)
Nonoperating Revenues (Expenses)				
Property taxes		113,611	113,611	
Interest income	12,586	17,019	29,605	4
Other income	1,758	2,982	4,740	4,247
Interest expense	(26,491)	(47,132)	(73,623)	
TOTAL NONOPERATING (EXPENSES) REVENUE	(12,147)	86,480	74,333	4,251
NET (LOSS) INCOME BEFORE TRANSFERS OUT	(89,494)	21,537	(67,957)	(20,743)
Transfers out	(74,000)	(74,000)	(148,000)	
CHANGE IN NET ASSETS	(163,494)	(52,463)	(215,957)	(20,743)
Total Net Assets at Beginning of Year	3,529,119	1,245,278	4,774,397	127,389
TOTAL NET ASSETS AT END OF YEAR	\$ 3,365,625	\$ 1,192,815	\$ 4,558,440	\$ 106,646

See accompanying notes

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended June 30, 2006

	Sewer Fund	Water Fund	Total Enterprise Funds	Internal Service Fund
Cash Flows from Operating Activities				
Receipts from customers	\$ 221,003	\$ 352,063	\$ 573,066	\$ -
Internal activity - receipts from other funds				357,396
Payments to suppliers	(122,876)	(236,755)	(359,631)	(55,299)
Payments to employees				(288,709)
Other receipts (payments)	1,758	2,982	4,740	4,247
NET CASH PROVIDED BY OPERATING ACTIVITIES	99,885	118,290	218,175	17,635
Cash Flows from Noncapital Financing Activities				
Operating subsidies and transfers to other funds	(74,000)	(74,000)	(148,000)	
Cash Flows from Capital and Related Financing Activities				
Purchases of capital assets	(33,000)	(45,659)	(78,659)	(48,523)
Proceeds from bond refunding		311,910	311,910	
Principal paid on capital debt	(23,509)	(482,443)	(505,952)	
Interest paid on capital debt	(26,491)	(47,132)	(73,623)	
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(83,000)	(263,324)	(346,324)	(48,523)
Cash Flows from Investing Activities				
Interest income	11,435	15,935	27,370	40
NET DECREASE IN CASH AND CASH EQUIVALENTS	(45,680)	(203,099)	(248,779)	(30,848)
Cash at Beginning of Year	297,785	504,077	801,862	45,779
CASH AT END OF YEAR	\$ 252,105	\$ 300,978	\$ 553,083	\$ 14,931

See accompanying notes

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)

Year Ended June 30, 2006

	Sewer Fund	Water Fund	Total Enterprise Funds	Internal Service Fund
Cash at End of Year Consists of the Following				
Cash	\$ 222,749	\$ 40,621	\$ 263,370	\$ 14,931
Restricted assets - cash	29,356	260,357	289,713	-
CASH AT END OF YEAR	<u>\$ 252,105</u>	<u>\$ 300,978</u>	<u>\$ 553,083</u>	<u>\$ 14,931</u>
Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities				
Operating (loss) income	\$ (75,589)	\$ 51,650	\$ (23,939)	\$ (20,747)
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation expense	186,513	105,829	292,342	36,310
Change in assets and liabilities				
Accounts receivable	9,797	(14,697)	(4,900)	
Prepaid expenses				(109)
Accounts payable	(19,296)	(19,018)	(38,314)	10,014
Salaries payable				(7,833)
Deferred revenue	(1,540)	(5,474)	(7,014)	
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 99,885</u>	<u>\$ 118,290</u>	<u>\$ 218,175</u>	<u>\$ 17,635</u>

See accompanying notes

FIDUCIARY FUNDS

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

STATEMENT OF NET ASSETS - FIDUCIARY FUNDS

June 30, 2006

	Fire Department Trust Fund	Tax Collection Agency Fund
ASSETS		
Cash	<u>\$ 1,943</u>	<u>\$ 495</u>
LIABILITIES		
Accrued liabilities	\$ -	\$ 485
Due to other funds	<u>-</u>	<u>10</u>
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 495</u>
NET ASSETS		
Held in trust	<u>\$ 1,943</u>	<u>\$ -</u>

See accompanying notes

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUNDS

Year Ended June 30, 2006

	<u>Fire Department Trust Fund</u>
ADDITIONS	
Miscellaneous revenue	\$ 1,580
DEDUCTIONS	
Miscellaneous deductions	<u>80</u>
CHANGE IN NET ASSETS	1,500
Net Assets at Beginning of Year	<u>443</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,943</u>

See accompanying notes

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Ferrysburg was incorporated in 1963 under the provision of the Home Rule Act of the State of Michigan. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, health, recreation, public improvements, utilities, planning and zoning, and general administrative services.

The accounting policies of The City of Ferrysburg conform to U.S. generally accepted accounting principles (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity.

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

Excluded from the reporting entity:

Ottawa Area Intermediate School District, Grand Haven Public School System, and Loutit District Library. These potential component units have separate elected and/or appointed boards and provide services to residents, generally within the geographic boundaries of the City. These are excluded from the reporting entity because the City does not have the ability to exercise influences or control over their daily operations, approve budgets or provide funding.

Grand Haven-Spring Lake Sewer Authority, Northwest Ottawa Water System, Harbor Transit Advisory Committee, and North Ottawa Community Hospital Authority. These potential component units have been appointed jointly by the area governments' governing bodies. These are independent units that select management staff, set user charges, establish budgets, and control all aspects of their daily activities.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Real estate and personal property tax revenues are recorded as revenues principally on the cash basis until year-end, at which time tax receipts received within 60 days of year-end are accrued. Permits and fines are recorded as revenues when received. Intergovernmental revenues, consisting principally of categorical aid from state agencies, are recognized when earned. Revenues from general purpose grants are recognized in the period to which the grant applies.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available criteria" for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

Governmental Funds

The City reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Major Street Fund

The Major Street Fund is a special revenue fund used to account for the resources of state gas and weight tax revenues that are restricted for the repair, maintenance, and construction of the City's major streets as identified by the State of Michigan Department of Transportation.

Local Street Fund

The Local Street Fund is a special revenue fund used to account for the resources of state gas and weight tax revenues that are restricted for the repair, maintenance, and construction of the City's local streets as identified by the State of Michigan Department of Transportation.

Public Improvement Fund

The Public Improvement Fund is a special revenue fund used to account for the collection of property tax revenues that are transferred to the General Fund or other special revenue funds for various public improvement capital outlays.

Vehicle Replacement Fund

The Vehicle Replacement Fund is a special revenue fund used to account for the collection of property tax revenues that are transferred to the General Fund or other special revenue funds and is used to purchase vehicles for City business.

Building Department Fund

The Building Department Fund is a special revenue fund that accounts for the activities of the various building, plumbing, electrical, and mechanical inspections performed on behalf of the City and the related permit fee collections.

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

Proprietary Funds

The government reports the following major proprietary funds:

Sewer Fund

The Sewer Fund accounts for the activities of the sewage collection system.

Water Fund

The Water Fund accounts for the activities of the water distribution system.

Additionally, the City reports the following fund types:

Internal Service Fund

The Internal Service Fund is used to account for the financing of goods or services provided by the Public Works Department to other departments of the City on a cost-reimbursement basis.

Fiduciary Fund Type

Trust and Agency Funds

Trust Funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments, and/or other funds. The City maintains a Fire Department Fund used to account for various activities of the City's fire department.

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has a Deferred Compensation Fund used to account for payments into the deferred compensation plan.

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer funds also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

Budgets and Budgetary Accounting

The City follows these procedures, which comply with legal requirements, in establishing the budgetary data reflected in the financial statements:

- a. On or about April 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally enacted through passage of a resolution.
- d. The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- e. Budgets for the General Fund and Special Revenue Fund are adopted on a basis consistent with U.S. generally accepted accounting principles.
- f. Formal budgetary integration is used as a management control device during the year for all funds.

Budgeted amounts are as originally adopted, or as amended by the City Council as of June 30, 2006.

Property Taxes

Property taxes are levied on July 1 and become a lien as of the same date. Taxes may be paid on or before August 31, without penalty. The City bills and collects its own property taxes and also property taxes for the local and intermediate school districts, the county, and the state. Collection of these taxes and remittance of them to the districts, the county, and the state are accounted for in the Tax Collection Agency Fund. City property tax revenues are recognized in the period for which they are levied.

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

The City is permitted by law to levy taxes up to 5 mills (\$5.00) per 1,000 mills (\$1,000) of taxable value for general operating purposes, excluding payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt upon general election approval. The City is also permitted by law to levy taxes up to 5 mills (\$5.00) per 1,000 mills (\$1,000) of taxable value for street lighting and purposes other than operating expenses. The City is also permitted by law to levy taxes: up to 1 mill (\$1.00) per 1,000 mills (\$1,000) of taxable value for public transportation purposes; up to 1.25 mills (\$1.25) per 1,000 mills (\$1,000) of taxable value for vehicle replacement purposes; up to .25 mills (\$.25) per 1,000 mills (\$1,000) of taxable value for museum purposes; and up to .125 mills (\$.125) per 1,000 mills (\$1,000) of taxable value for council on aging purposes.

Tax rates for the year ended June 30, 2006 are as follows (per 1,000 mills) (\$1,000):

General operating	5.0000 Mills	\$ (5.0000)
Street lighting	.2750 Mills	(.2750)
Museum	.2373 Mills	(.2373)
Vehicle replacement	1.1706 Mills	(1.1706)
Water debt retirement	.9876 Mills	(.9876)
Street and drains	2.7526 Mills	(2.7526)
Harbor Transit	.3300 Mills	(.3300)
Council on Aging	.2469 Mills	(.2469)
	<u>11.0000 Mills</u>	<u>\$ (11.0000)</u>

Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Prepaid Items

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$1,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The City has elected to not report major general infrastructure assets retroactively.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Buildings and improvements	10 - 50
Roads	10 - 30
Other infrastructure	25
Vehicles	5 - 20
Machinery and equipment	5 - 20
Computer equipment	3 - 20
Water system and sewer system	20 - 40

Restricted Assets

Certain resources of the General Fund are classified as restricted assets on the balance sheet because their use is restricted for public transit and public improvements.

The Enterprise Funds set aside certain resources for debt retirement, which are also classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications

Comparative data is not included in the City's financial statements, since their inclusion would make the statements unduly complex and difficult to read.

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 2 - DEPOSITS

Michigan Compiled Laws, Section 129.91, authorizes the City to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The City is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The City Council has designated four banks for the deposit of City funds. The investment policy adopted by the Council in accordance with Public Act 196 of 1997 has authorized investment in bank accounts and CD's, but not the remainder of State authority as listed above. The City's deposits and investment policy are in accordance with statutory authority.

As of June 30, 2006, the City's deposits were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash	\$ 2,758,247	\$ 263,370	\$ 2,438	\$ 3,024,055
Restricted assets	85,932	289,713		375,645
	<u><u>\$ 2,844,179</u></u>	<u><u>\$ 553,083</u></u>	<u><u>\$ 2,438</u></u>	<u><u>\$ 3,399,700</u></u>

A summary of deposits in total by type is:

Cash in demand and savings accounts	\$ 1,132,431
Cash in certificates of deposit	<u>2,267,269</u>
	<u><u>\$ 3,399,700</u></u>

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

Interest Rate Risk - The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk - The City places no limit on the amount the City may invest in any one issuer. Deposits with financial institutions were \$3,438,167 of which \$300,000 was covered by federal depository insurance. From time to time throughout the year, cash held at the bank may exceed FDIC limits. Deposits are held with three financial institutions and are carried at cost plus accrued interest.

NOTE 3 - RECEIVABLES

The City reported the following receivables as of June 30, 2006:

	Accounts	Interest	Connection Fees	Special Assessments	Due from Other Governments	Total Receivables
Governmental Activities						
General	\$ 12,613	\$ 4,046	\$ -	\$ -	\$ 86,213	\$ 102,872
Major streets	5,026	1,831		3,466	29,638	39,961
Local streets		723			8,913	9,636
Public improvement		2,428				2,428
Building department	450	548				998
Vehicle replacement		3,755				3,755
Public works		2				2
Total Governmental Activities	\$ 18,089	\$ 13,333	\$ -	\$ 3,466	\$ 124,764	\$ 159,652
Business-type Activities						
Sewer	\$ 36,859	\$ 1,398	\$ -	\$ 10,570	\$ -	\$ 48,827
Water	87,313	1,502	11,157	10,570		110,542
Total Business-type Activities	\$ 124,172	\$ 2,900	\$ 11,157	\$ 21,140	\$ -	\$ 159,369

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 4 - RESTRICTED ASSETS

Assets restricted for public transit improvement and escrow deposits in the Governmental Funds consisted of money market accounts amounting to \$85,932 as of June 30, 2006.

Assets restricted for debt retirement in the Enterprise Funds consisted of the following at June 30, 2006:

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Totals</u>
Money market accounts	\$ 29,356	\$ 260,357	\$ 289,713
Special assessment receivable - current	<u>1,539</u>	<u>1,539</u>	<u>3,078</u>
	<u>\$ 30,895</u>	<u>\$ 261,896</u>	<u>\$ 292,791</u>

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

Governmental Activities	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Balance June 30, 2006</u>
Assets not being depreciated				
Land	\$ 63,007	\$ 351,500	\$ -	\$ 414,507
Construction in progress	449,261	95,095	(449,261)	95,095
Subtotal	512,268	446,595	(449,261)	509,602
Capital assets being depreciated				
Buildings	445,234	612,680		1,057,914
Improvements other than buildings	875,460			875,460
Vehicles and equipment	714,869			714,869
Furniture and equipment	520,532	48,524	(50,000)	519,056
Infrastructure	912,109	92,844	449,261	1,454,214
Subtotal	3,468,204	754,048	399,261	4,621,513
Accumulated depreciation				
Buildings	249,268	11,002		260,270
Improvements other than buildings	318,080	29,127		347,207
Vehicles and equipment	480,685	19,086		499,771
Furniture and equipment	400,355	44,977	(50,000)	395,332
Infrastructure	35,700	54,861		90,561
Subtotal	1,484,088	159,053	(50,000)	1,593,141
Net capital assets being depreciated	1,984,116	594,995	449,261	3,028,372
Governmental Activities - Capital Assets, net of depreciation	\$ 2,496,384	\$ 1,041,590	\$ -	\$ 3,537,974

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

Business-type Activities	Balance July 1, 2005	Additions	Disposals and Adjustments	Balance June 30, 2006
Assets not being depreciated				
Land	\$ 15,800	\$ -	\$ -	\$ 15,800
Construction in progress	70,782		(70,782)	-
Subtotal	86,582	-	(70,782)	15,800
Capital assets being depreciated				
Buildings	41,010			41,010
Sewer system	7,317,900	33,000		7,350,900
Water system	4,137,236	45,659	70,782	4,253,677
Equipment	179,878			179,878
Subtotal	11,676,024	78,659	70,782	11,825,465
Accumulated depreciation				
Buildings	41,010			41,010
Sewer system	3,998,069	186,209		4,184,278
Water system	2,196,300	105,493		2,301,793
Equipment	176,327	641		176,968
Subtotal	6,411,706	292,343	-	6,704,049
Net capital assets being depreciated	5,264,318	(213,684)	70,782	5,121,416
Business-type Activities - Capital Assets, net of depreciation	\$ 5,350,900	\$ (213,684)	\$ -	\$ 5,137,216

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

Depreciation expense was charged to programs of the City as follows:

Governmental Activities	
General government	\$ 99,592
Public safety	23,151
Public works	<u>36,310</u>
Total Governmental Activities	<u>\$ 159,053</u>
Business-type Activities	
Sewer	\$ 186,514
Water	<u>105,829</u>
Total Business-type Activities	<u>\$ 292,343</u>

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

There were no interfund receivables or payables as of June 30, 2006.

Interfund Transfers

	Transfers in			
	General Fund	Major Street Fund	Local Street Fund	Total
Transfers (out)				
Major Street Fund	\$ 11,100	\$ -	\$ 30,000	\$ 41,100
Local Street Fund	3,700			3,700
Public Improvement Fund	30,000		130,000	160,000
Building Department Fund	20,000			20,000
Vehicle Replacement Fund	11,100			11,100
Sewer Fund	74,000			74,000
Water Fund	<u>74,000</u>			<u>74,000</u>
	<u>\$ 223,900</u>	<u>\$ -</u>	<u>\$ 160,000</u>	<u>\$ 383,900</u>

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 7 - COMPENSATED ABSENCES

Employees of the City are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The City's policy is to recognize the costs of compensated absences when actually paid to employees.

NOTE 8 - LONG-TERM DEBT

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City has also entered into various contractual agreements with Ottawa County to provide for the construction and expansion of certain water/sewer system improvements. The City has pledged its full faith and credit for the payment of the contractual payments and is required annually to levy taxes upon all taxable property within the City to the extent necessary to make the contractual payments. The contracts are reported in the enterprise funds and are expected to be repaid from enterprise revenues.

Long-term debt transactions for the year ended June 30, 2006 are summarized as follows:

	<u>Beginning Balance</u>	<u>Net Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities				
Bond anticipation notes	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>
Business-type Activities				
County contractual obligations	\$ 1,469,504	\$ (191,437)	\$ 1,278,067	\$ 234,199
Less: Amortized bond premium	<u>46,062</u>	<u>2,605</u>	<u>48,667</u>	<u>-</u>
Total Business-type Activities	<u>\$ 1,423,442</u>	<u>\$ (194,042)</u>	<u>\$ 1,229,400</u>	<u>\$ 234,199</u>

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

Long-term debt consists of the following:

Governmental Activities:

Tax-exempt bond anticipation note (Series A) due in one principal installment of \$500,000 on June 1, 2008, plus interest at 4.375%	\$ 500,000
Taxable bond anticipation note (Series B) due in one principal installment of \$500,000 on June 1, 2008, plus interest at 6.75%	<u>500,000</u>
	<u>\$ 1,000,000</u>

Business-type Activities:

Contracts payable to Ottawa County for:

1989 Northwest Ottawa Water Supply System Bonds due in annual principal installments of \$84,882 to \$92,106 through October 1, 2010, plus interest at 4.5% to 4.7%	\$ 420,670
2005 Northwest Ottawa Water System Refunding Bonds due in annual principal installments of \$33,720 to \$37,935 through January 1, 2015, plus interest at 3.5% to 4.0%	312,722
2002 Northwest Ottawa Water Treatment Intake Refunding Bonds due in annual principal installments of \$36,000 to \$41,280 through May 1, 2010, plus interest at 2.5% to 3.2%	148,930
1989 Northwest Ottawa Water Treatment System Refunding Bonds due in annual principal installments of \$15,000 to \$20,000 through January 1, 2015, plus interest at 7.4% to 7.6%	140,000

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

2002 Northwest Ottawa Water Treatment Plant Refunding Bonds, due in annual principal installments of \$24,248 to \$30,968 through May 1, 2010, plus interest at 2.5% to 3.2%	\$ 103,717
Ottawa County Water Supply and Sewage Disposal System Bonds due in annual principal installments of \$25,000 to \$30,000 through November 1, 2009, plus interest at 4.5% to 4.6%	<u>103,361</u>
	<u>\$ 1,229,400</u>

The annual aggregate maturities for the years subsequent to June 30, 2006, are as follows:

<u>Years ending June 30:</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ -	\$ 52,380	\$ 223,579	\$ 53,911
2008	1,000,000	55,625	223,045	43,562
2009	-	-	222,521	34,108
2010	-	-	225,758	24,391
2011	-	-	133,863	15,156
2012-2016	-	-	200,634	26,802
	<u>\$ 1,000,000</u>	<u>\$ 108,005</u>	<u>\$ 1,229,400</u>	<u>\$ 197,930</u>

Current Refunding

During the year ended June 30, 2006, the County of Ottawa issued general obligation bonds to refund an existing bond issue. The proceeds of \$1,155,000 from the Ottawa County 2005 Refunding Bonds (Northwest Ottawa Water System) were used to refund the Ottawa County Refunding Bonds (Northwest Ottawa Water - 1976 - Second Refunding (1995)), which are due and payable in the years 2006 through 2015, inclusive, and to pay the costs of issuance of the 2005 Refunding Bonds. The City of Ferrysburg's portion of the 2005 Refunding Bond proceeds is approximately \$325,000, payable in annual installments of \$33,720 to \$37,935 through January 1, 2015, plus interest at 3.5% to 4.0%. Interest on this bond will be payable semiannually on January 1 and July 1, commencing on July 1, 2006.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 9 - MICHIGAN MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS)

Plan Description and Provisions

The City of Ferrysburg contributes to the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan. Substantially all full-time employees of the City of Ferrysburg are eligible to participate in MERS. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system.

Employees attaining the age of 50 who have completed 25 or more continuous years of service are entitled to annual benefits of 2.25% of their final average compensation for each year of service. The benefit is reduced .5% of 1% of each complete month that retirement precedes the normal retirement age of 60. The MERS permits early retirement at the completion of 25 years of continuous service. Active employees who become disabled after acquiring ten or more years of continuous service are entitled to annual benefits of 2.25% of their final average compensation for each year of service.

If an active employee or vested former employee with ten or more years of service dies before retirement, a monthly survivor allowance may be payable as follows:

- Named contingent survivor beneficiary (if any) will receive a retirement allowance computed in the same manner as a service retirement allowance, but reduced to reflect an Option II (100% joint and survivor) election.
- No named beneficiary and the employee leaves a spouse, the spouse will receive a survivor allowance. The amount of allowance shall be 85% of the deceased employee's accrued retirement allowance, based upon service and final average compensation at time of death.
- No named beneficiary and no retirement allowance being paid to a surviving spouse, unmarried children under the age of 21 will be paid an equal share of 50% of the deceased employee's accrued retirement allowance.

If an employee terminates employment with the City before age 60, other than by retirement or death, the retirement allowance is computed in the same manner as a service retirement with the applicable benefit being determined as of the date of termination. Rights to an allowance are forfeited if the employee's accumulated contributions are withdrawn.

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

Employees are required to contribute 5% of their annual covered salary to the MERS. The City is required to contribute the remaining amount necessary to fund the MERS, using the entry age-normal actuarial method as specified by ordinance. The contribution requirement and the actual contribution for the year ended June 30, 2006 and the preceding years, as determined by the applicable actuarial valuation report, were as follows:

<u>Years ending June 30:</u>	<u>Contribution Requirement</u>	<u>Actual Contribution</u>	<u>Percentage of Required Contribution</u>
2006	\$ 36,816	\$ 42,236	115%
2005	32,076	38,400	120%
2004	9,600	11,000	115%

Funding Status and Progress

The most recent actuarial valuation was prepared as of December 31, 2005 and uses the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from -0-% to 8.4% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 4.5% per year after retirement, for persons falling under certain benefit levels.

Funding progress for MERS:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as % of Payroll</u>
12/31/03	\$ 511,479	\$ 881,099	\$ 369,620	58.05%	\$ 315,744	117.06%
12/31/04	571,484	1,010,446	438,962	56.56%	360,041	121.92%
12/31/05	651,672	1,100,171	448,499	59.23%	338,526	132.49%

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 10 - POST-EMPLOYMENT BENEFITS

The Governmental Accounting Standards Board has recently released Statement No. 45, *Accounting and Reporting by Employers for Post-employment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" post-employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the new employee, rather than at the time the health-care premiums are paid. The new pronouncement is effective for the year ended June 30, 2010. The effect of this pronouncement on the accompanying financial statements has not been determined.

NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and certain natural disasters. The City purchases commercial insurance with limits to cover substantially all potential losses.

The City participates in a State pool, the Michigan Municipal Liability and Property Pool, with other municipalities for property, liability, crime and automobile. The pool is organized under Public Act 138 of 198, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required.

The City also participates in a pool, the Michigan Municipal Workers' Compensation Fund, with other municipalities for workers' compensation losses. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required.

NOTE 12 - EXPENDITURES IN EXCESS OF BUDGET

Michigan Public Act 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amounts budgeted.

In the required supplemental information, the City's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the City for these budgetary funds were adopted at the departmental line item level.

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

During the year ended June 30, 2006, the City incurred expenditures in certain budgeted funds that were in excess of the amounts appropriated at the department level, as follows:

	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>
General Fund - capital outlay	\$ 160,000	\$ 966,486

The expenditure over appropriations as identified above has been paid with bond anticipation note proceeds.

NOTE 13 - COMMITMENTS

The City has entered into a contract to construct, repair, and refurbish various parts of its infrastructure, including roads. The total estimated cost remaining to the City on this contract is approximately \$572,000.

REQUIRED SUPPLEMENTAL INFORMATION

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended June 30, 2006

	Original Budget	Final Amended Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Budgetary Fund Balance, July 1, 2005	\$ 850,644	\$ 850,644	\$ 850,644	\$ -
Resources (Inflows)				
Taxes and special assessments	800,350	800,350	810,296	9,946
State grants	265,000	265,000	261,712	(3,288)
Charges for services	55,900	55,900	48,487	(7,413)
Fines and forfeits	14,700	14,700	21,575	6,875
Interest	40,000	40,000	59,902	19,902
Other income	8,000	8,000	16,479	8,479
Bond proceeds	-	-	1,000,000	1,000,000
Transfers from other funds	256,900	256,900	223,900	(33,000)
Amounts Available for Appropriation	1,440,850	1,440,850	2,442,351	1,001,501
Charges to Appropriation (Outflows)				
General government	490,800	490,800	461,328	(29,472)
Public safety	547,440	547,440	513,372	(34,068)
Public works	123,200	132,200	109,387	(22,813)
Recreation and culture	149,000	154,000	149,683	(4,317)
Other services	105,000	96,000	42,001	(53,999)
Capital outlay	160,000	160,000	966,486	806,486
Transfers to other funds	25,000	25,000	-	(25,000)
Total Charges to Appropriations	1,600,440	1,605,440	2,242,257	636,817
BUDGETARY FUND BALANCE - June 30, 2006	\$ 691,054	\$ 686,054	\$ 1,050,738	\$ 364,684

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

BUDGETARY COMPARISON SCHEDULE - MAJOR STREET FUND

Year Ended June 30, 2006

	Original Budget	Final Amended Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Budgetary Fund Balance, July 1, 2005	\$ 362,223	\$ 362,223	\$ 362,223	\$ -
Resources (Inflows)				
State grants	472,270	472,270	179,498	(292,772)
Special assessments	3,400	3,400	3,466	66
Interest	4,410	4,410	15,935	11,525
Transfers from other funds	210,000	80,000	-	(80,000)
Amounts Available for Appropriation	690,080	560,080	198,899	(361,181)
Charges to Appropriation (Outflows)				
Highways and streets				
Street construction	627,000	497,000	80,737	(416,263)
Street maintenance	86,980	86,980	74,433	(12,547)
Transfers to other funds	51,100	51,100	41,100	(10,000)
Total Charges to Appropriations	765,080	635,080	196,270	(438,810)
BUDGETARY FUND BALANCE - June 30, 2006	\$ 287,223	\$ 287,223	\$ 364,852	\$ 77,629

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

BUDGETARY COMPARISON SCHEDULE - LOCAL STREET FUND

Year Ended June 30, 2006

	Original Budget	Final Amended Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Budgetary Fund Balance, July 1, 2005	\$ 175,161	\$ 175,161	\$ 175,161	\$ -
Resources (Inflows)				
State grants	53,000	53,000	53,980	980
Interest	2,000	2,000	6,455	4,455
Transfers from other funds	40,000	170,000	160,000	(10,000)
Amounts Available for Appropriation	95,000	225,000	220,435	(4,565)
Charges to Appropriation (Outflows)				
Highways and streets				
Street construction	-	130,000	127,319	(2,681)
Street maintenance	80,600	80,600	43,014	(37,586)
Transfers to other funds	3,700	3,700	3,700	-
Total Charges to Appropriations	84,300	214,300	174,033	(40,267)
BUDGETARY FUND BALANCE - June 30, 2006	\$ 185,861	\$ 185,861	\$ 221,563	\$ 35,702

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

BUDGETARY COMPARISON SCHEDULE - PUBLIC IMPROVEMENT FUND

Year Ended June 30, 2006

	Original Budget	Final Amended Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Budgetary Fund Balance, July 1, 2005	\$ 127,738	\$ 127,738	\$ 127,738	\$ -
Resources (Inflows)				
Taxes	363,420	363,420	361,856	(1,564)
Interest	10,400	10,400	19,969	9,569
Amounts Available for Appropriation	373,820	373,820	381,825	8,005
Charges to Appropriation (Outflows)				
Transfers to other funds	240,000	240,000	160,000	(80,000)
BUDGETARY FUND BALANCE - June 30, 2006	<u>\$ 261,558</u>	<u>\$ 261,558</u>	<u>\$ 349,563</u>	<u>\$ 88,005</u>

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

BUDGETARY COMPARISON SCHEDULE - VEHICLE REPLACEMENT FUND

Year Ended June 30, 2006

	Original Budget	Final Amended Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Budgetary Fund Balance, July 1, 2005	\$ 651,714	\$ 651,714	\$ 651,714	\$ -
Resources (Inflows)				
Taxes	153,180	153,180	153,857	677
Interest	20,200	20,200	32,538	12,338
Amounts Available for Appropriation	173,380	173,380	186,395	13,015
Charges to Appropriation (Outflows)				
Transfers to other funds	213,100	213,100	88,100	(125,000)
BUDGETARY FUND BALANCE - June 30, 2006	\$ 611,994	\$ 611,994	\$ 750,009	\$ 138,015

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

BUDGETARY COMPARISON SCHEDULE - BUILDING DEPARTMENT FUND

Year Ended June 30, 2006

	Original Budget	Final Amended Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Budgetary Fund Balance, July 1, 2005	\$ 75,843	\$ 75,843	\$ 75,843	\$ -
Resources (Inflows)				
Licenses and permits	40,500	40,500	61,545	21,045
Interest	1,000	1,000	4,338	3,338
Amounts Available for Appropriation	41,500	41,500	65,883	24,383
Charges to Appropriation (Outflows)				
Other	32,500	32,500	28,446	(4,054)
Transfers to other funds	20,000	20,000	20,000	-
Total Charges to Appropriations	52,500	52,500	48,446	(4,054)
BUDGETARY FUND BALANCE - June 30, 2006	\$ 64,843	\$ 64,843	\$ 93,280	\$ 28,437